

State Impact

The estimated net fiscal impact of this bill for FY 2005 is a positive fund balance of \$5,118,200 to the State. For FY 2006 the estimated net balance is a positive \$2,119,400.

Passage of the bill would require an appropriation of \$130,400 in FY 2005, and \$129,200 in FY 2006 from the Commerce Service Fund to the Department of Commerce, Division of Consumer Protection for administrative costs required by the bill. Cost for the Utah State Tax Commission for additional computer programming associated with implementation of the bill can be absorbed within the existing budget for FY 2005.

The issuance of tuition tax credits would reduce income tax revenue to the State by an estimated \$9,072,700 in FY 2005, and \$12,993,000 in FY 2006. This loss in revenue would be offset by reduced appropriations to the Minimum School Program for students leaving the Public Education System to go to private school. The offset amount for FY 2005 is estimated at \$14,321,300, and for FY 2006 the amount is estimated at \$15,241,600. The bill provides that Scholarship Granting Organizations may use up to 2 percent of tax credit donations for administrative costs. Two percent in FY 2005 could be as much as \$53,500; and in FY 2006 the estimate is \$76,700.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Income Tax	\$0	\$0	(\$9,072,700)	(\$12,993,000)
Uniform School Fund	(\$14,321,300)	(\$15,241,600)	\$0	\$0
Commerce Service Fund	\$130,400	\$129,200	\$0	\$0
TOTAL	<u>(\$14,190,900)</u>	<u>(\$15,112,400)</u>	<u>(\$9,072,700)</u>	<u>(\$12,993,000)</u>

Individual and Business Impact

Local School Districts could potentially benefit by savings in school construction costs over time depending on how many students choose private schooling over Public Education. The impact of students leaving for private school could have a differential impact on local districts depending on number leaving and impact on related fixed costs.

The bill provides a tax credit for qualifying individuals and Scholarship Granting Organizations. The average credit is \$2,000.

Savings in state construction costs assumes that there would be comparable costs to private entities.
